GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2989
ANSWERED ON:10.08.2000
REDUCTION OF TAX ON LPG
MD ANWARUL HAQUE;RAGHUVANSH PRASAD SINGH

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether price of LPG has been raised a number of times during the past three years on the plea of high subsidy cost allowed by the Government;

(b) whether the total taxes on the LPG is about 40% of the price offered by the oil companies;

(c) whether the Government propose to reduce the taxes on LPG that are accounted for the subsidy at present; and

(d) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) The Government, in November, 1997 had decided that subsidy on domestic LPG will be reduced in phases to reach the level of 15% of the import parity price by 2000-01 and the subsidy will be transferred to the fiscal budget from the year 2002-03 onwards. Accordingly, the `ex-storage point price` of Domestic LPG was raised by Rs.14/- per cylinder with effect from 1st February, 1999and by Rs.30 per cylinder with effect from 23rd March,2000. The subsidy on Domestic LPG is met from the oil pool account.

(b): The various duty and tax components i.e., duties of customs and excise, sales tax and other statutory levies, which are included in the retail selling prices of Domestic LPG in Delhi come to about 23.5 per cent.Some of the taxes such as sales tax are administered by the States under their respective statutes.

(c) & (d): No such proposal is under consideration at present.